

LR-1/71-5/11 c.5



DEPARTMENT OF STATE

Washington, D.C. 20520

SECRET

April 19, 1971

The Honorable
George P. Shultz
Director, Office of
Management and Budget

Dear Mr. Shultz:

There is transmitted herewith a draft bill "To provide for the establishment of an American Council for Private International Communications, Incorporated, to grant support to the activities of private American organizations engaged in the field of communication with foreign peoples" for coordinated executive branch clearance prior to submission to the Congress.

The basic purpose of the draft bill is to provide a private channel for overt financing of broadcasting abroad by American organizations to foreign peoples. The desirability of such legislation has been highlighted by recent public discussion regarding financing of the activities of Radio Free Europe and Radio Liberty, and the introduction by Senator Case of S. 18, which bill would provide that those activities be financed solely through appropriations pursuant to the United States Information and Educational Exchange Act of 1948.

The proposed bill has been prepared by the Office of the Legal Adviser of the Department of State and the Office of the General Counsel of the Central Intelligence Agency in consultation and cooperation with an inter-agency group including representatives of the National Security Council staff, United States Information Agency and your office. It has been considered and approved by the "40 Committee" for submission for your consideration. The "40 Committee" wishes, however, to withhold a final decision regarding submission to Congress pending the results of preliminary discussions with congressional leaders, which are now in progress.

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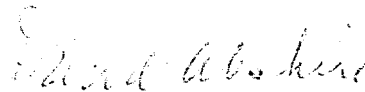
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We enclose a draft letter for transmission of the proposed bill to the Speaker of the House of Representatives and the President of the Senate.

It is hoped that your office will be able to give urgent priority consideration to the enclosed proposed legislation. The Senate Foreign Relations Committee officially scheduled hearings on Senator Case's bill for April 28. Recent inquiries of the Senator by Assistant Secretary Hillenbrand and myself indicate that we may be able to delay such hearings but probably not beyond the end of May. In addition, we understand that the responsible congressional committee chairmen are not inclined to approve appropriations related to Radio Free Europe and Radio Liberty for fiscal year 1972 under the existing procedures for funding the activities of these organizations.

Sincerely yours,



David M. Abshire
Assistant Secretary for
Congressional Relations

Enclosures:

1. Draft bill
2. Draft letter

SECRET

DEPARTMENT OF STATE

PROPOSED LETTER

The Honorable
Carl Albert, Speaker
House of Representatives

and

The Honorable
Spiro T. Agnew, President
United States Senate

Dear [Mr. Speaker] [Mr. President]:

I have the honor to transmit herewith for the consideration of the [House of Representatives][Senate] a bill "To provide for the establishment of an American Council for Private International Communications, Incorporated, to grant support to the activities of private American organizations engaged in the field of communication with foreign peoples" (hereinafter "the Bill").

The specific purposes of the Bill, as reflected in the "Congressional Declaration of Policy" recorded in Section I of the Bill, are to aid implementation of the right to freedom of opinion and expression, including the right to receive and impart information and ideas

through any media and regardless of frontiers; to promote open communication among the peoples of the world as a positive contribution to international stability; and to enhance other peoples' social, political, and material well-being and increase their awareness of the heritage they share with other peoples, including the American people, through a free flow of information and ideas.

At the present time there are established private organizations in the communications field which have demonstrated their effectiveness in furthering the objectives just stated, primarily by radio broadcasting of news and information programs in foreign languages to Warsaw Pact states. In order to ensure that they may continue their work of furthering these objectives, the Bill would establish an American Council for Private International Communications, Incorporated, as a non-governmental, private, non-profit corporation. This corporation would receive government appropriations and distribute them to the above described private organizations, provided they receive no other appropriated funds of the United States Government as the corporation specifies.

The Bill would authorize the appropriation of funds in an amount not to exceed \$40 million to support such activities of the Council during the fiscal year 1972. It is considered that the proposed Council, which is modeled along the lines of the existing Public Broadcasting Corporation established by the "Public Broadcasting Act of 1967," would be most suited to the achievement of the stated objectives.

The Corporation would be managed by a Board of fifteen directors, all of whose members, including the Chairman and Vice Chairman, would be chosen from private life by the President of the United States with the advice and consent of the Senate, and by a President, Executive Vice President and such other officers as might be named by the Board, which officers, other than the Chairman and Vice Chairman, would be engaged on a full-time basis.

The Bill would grant to the Council only those powers and authorities necessary for the achievement of the described objectives, would be subject to requirements of an annual report to the President and Congress and an annual audit, and would be exclusively educational and non-profit in character, its funding derived from direct

government appropriations, as well as from money and other properties from private donations, bequests and devises without condition or restriction other than use for the purposes of the Council. The Bill would grant the Council the power, among other things, to prescribe terms and conditions to govern expenditure of funds it grants to private communications organizations and to develop and apply the necessary procedures to ensure that such expenditure complied with such terms and conditions.

The Department has been advised by the Office of Management and Budget that from the standpoint of the Administration's program there is no objection to the submission of this legislation to the Congress for its consideration.

Sincerely yours,

David M. Abshire
Assistant Secretary for
Congressional Relations

Enclosure:

Bill

DRAFT BILL

To provide for the establishment of an American Council
for Private International Communications, Incorporated,
to grant support to the activities of private American
organizations engaged in the field of communication
with foreign peoples.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress Assembled, That
this Act may be cited as the "American Council for Private
International Communications, Incorporated Act of 1971."

CONGRESSIONAL DECLARATION OF POLICY

SECTION I. The Congress hereby finds and declares --

(a) That, everyone has the right to freedom of opinion and
expression; this right includes freedom to hold opinions
without interference and to seek, receive and impart information
and ideas through any media and regardless of frontiers;

(b) That the existence of open communication among the peoples of the world is a matter of continuing concern to the American people and a positive contribution to international stability;

(c) That a free flow of information and ideas will encourage other peoples to enhance their social, political, and material well-being and will increase their awareness of the heritage they share with other peoples, including the American people;

(d) That established private organizations in the communications field have demonstrated their effectiveness in furthering the foregoing objectives; and

(e) That in the interest of implementing the above objectives, it is desirable to establish an American Council for Private International Communications, Incorporated, which, by assistance to American private organizations, will enable the private sector of American life to participate in and contribute its skills to a constructive dialogue with peoples of other lands.

ESTABLISHMENT OF A CORPORATION

SECTION II. There is hereby authorized to be established a nonprofit corporation to be known as the American Council for Private International Communications, Incorporated (hereinafter referred to as the "corporation"), which will not be an agency or establishment of the United States Government. The corporation shall be subject to the provisions of this Act, and, to the extent consistent therewith, to the District of Columbia Nonprofit Corporation Act.

ORGANIZATION AND MANAGEMENT

SECTION III. (a) Structure of the Corporation -- The corporation shall have a Board of Directors, a President, an Executive Vice President and such other officers and staff as the Board of Directors may determine.

(b) Board of Directors -- (1) The corporation shall have a Board of Directors (hereinafter referred to as the "Board"), consisting of fifteen members, including a Chairman and a Vice Chairman all of whom shall be appointed by the President of the United States with the advice and consent of the Senate.

(2) Selection -- All members of the Board shall be citizens of the United States who are not regular fulltime employees of the United States Government, and

shall be selected from areas of professional, business and cultural life relevant to the objectives of the corporation.

(3) Incorporation -- The members of the initial Board shall serve as incorporators and shall take whatever actions are necessary to establish the corporation under the District of Columbia Corporation Act.

(4) Term of Office -- In appointing the initial membership of the Board the President shall designate eight members, including the Chairman and Vice Chairman to serve from the date of incorporation for six years and seven members to serve from the date of incorporation for four years. Thereafter the term of office of each member of the Board, including the Chairman and Vice Chairman, shall be six years, renewable at the discretion of the President of the United States with the advice and consent of the Senate. Notwithstanding the foregoing provisions of this paragraph; (A) the President of the United States shall appoint members to fill vacancies occurring prior to the expiration of a term, in which case the member so appointed shall serve for the remainder of such term;

(B) any member whose term has expired may serve until his successor has qualified.

(5) Quorum -- Vacancies in the Board, so long as there are eight directors in office, shall not impair the powers of the Board to execute the functions of the corporation, and eight of the directors in office shall constitute a quorum for the transaction of the business of the Board.

(6) Committees -- The Board may create such committees of its own members as it finds to be in the best interests of the corporation, which committees shall have and may exercise the powers of the Board in the management of the business and affairs of the corporation.

(7) Vice Chairman -- The Vice Chairman shall perform the duties of the Chairman in his absence, and should a vacancy in the Chairmanship occur, the Vice Chairman shall act as Chairman pending the appointment of a new Chairman by the President of the United States.

(8) Compensation -- The members of the Board shall not, by reason of such membership, be deemed to be employees of the United States Government. They shall,

while attending meetings of the Board or while engaged in duties related to such meetings or in other activities of the Board pursuant to this section, including travel time, be entitled to receive compensation equal to the daily equivalent of the compensation at the rate prescribed for level II of the Executive Schedule under section 5314 of title 5, United States Code. While away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, equal to that authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently.

(9) Meetings -- The Board shall convene at least twice annually and at such times as the Chairman may determine, but the Chairman shall also call a meeting at the written request of at least one-third of the members of the Board.

(c) Officers and Employees -- (1) The corporation shall have a President, Executive Vice President and such other officers as may be named by the Board. All officers shall be citizens of the United States and shall serve at the pleasure of the Board. No political test or qualification shall be used by the Board in selecting, appointing,

promoting, or taking other personnel actions with respect to officers, agents, and employees of the corporation.

(2) President -- The President of the corporation shall be its chief executive officer and responsible for the operations and management of the corporation subject to this Act and such by-laws and policies established by the Board.

(3) Compensation -- The President shall receive compensation at the rate prescribed for level III of the Executive Schedule under section 5311 of title 5, United States Code. Other officers appointed by the Board or employees appointed by the President of the corporation shall receive compensation as set by the Board which shall not exceed the maximum rate prescribed for GS-18 in the General Schedule of section 5332(a) of title 5, United States Code.

PURPOSES AND ACTIVITIES OF THE CORPORATION

SECTION IV. In furtherance of the objectives and to carry out the purposes of this Act as set forth in SECTION I, the corporation is authorized to (a) contract with, or render

financial assistance, including grants, under such terms and conditions as the Board may approve to those private American organizations with established programs of broadcasting to other countries, or with other selected activities in the international mass media field, which organizations receive no other appropriated funds of the United States Government and which demonstrate their effectiveness in promoting the free movement of information and ideas across national frontiers thereby strengthening channels of communication among the peoples of the world.

(b) to develop and apply procedures, including audits, as may be necessary to ensure that funds so granted are applied in accordance with the purposes for which each such grant is made.

(c) to give particular encouragement and assistance to those American private organizations which (1) are in turn qualified to enlist financial and other support from American private organizations, industry and individuals;

(2) enjoy or are capable of enlisting cooperation or financial support from international or foreign organizations which share these objectives;

(d) to prescribe such regulations as it deems necessary governing the manner in which its functions shall be carried out;

(e) to make and perform contracts when deemed necessary to carry out its objectives;

(f) to make and renew financial commitments in furtherance of its objectives for periods up to five years;

(g) to receive money and other property donated, bequeathed, or devised, without condition or restriction other than it be used for the purposes of the corporation, all donations being tax-deductible by the donor as charitable contributions, and to use, sell or otherwise dispose of such property for the carrying out of its functions;

(h) to obtain from time to time as appropriate, the services of experts and consultants to aid the corporation in accordance with the carrying out of the purposes of this Act;

(i) to accept and utilize on behalf of the corporation the services of voluntary and uncompensated personnel from private life and to reimburse them for travel expenses, including per diem, as appropriate;

(j) to rent office space in the District of Columbia and elsewhere as necessary to its purposes;

(k) to make all other expenditures necessary to carry out the purposes of this Act;

ANNUAL REPORT

SECTION V. The corporation shall on or before the 31st day of January of each year submit an annual report, with financial appendices as appropriate, on its activities under this Act during the preceding calendar year to the President of the United States, who shall thereafter forward such report to the Congress, together with such recommendations as he may deem appropriate. Such report shall include a list of the grants made by the corporation during the preceding calendar

year; a statement of the use to which each recipient applied any grant received during the preceding calendar year; and any recommendations which the corporation may deem appropriate.

VENUE AND LIABILITY

SECTION VI. For purposes of venue in civil actions, the corporation shall be deemed a resident of the judicial district of Washington, D. C.

NONPROFIT NATURE OF THE CORPORATION

SECTION VII. The purposes of the corporation shall be exclusively educational and not for profit and no part of the income or assets of the corporation shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services. The corporation, including its property and income, shall be exempt from taxation now or hereafter imposed by the United States or any territory or possession thereof.

AUDIT

SECTION VIII. The accounts of the corporation shall be audited annually in accordance with generally accepted auditing standards by independent certified public accountants or

independent licensed public accountants certified or licensed by a regulatory authority of a State or other political subdivision of the United States. The report of each such independent audit shall be included in the annual report. The financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. A report of each such audit shall be made by the Comptroller General to the Congress. A copy of each report shall be furnished to the President and to the corporation at the time it is submitted to the Congress.

FINANCING

SECTION IX. (a) To enable the corporation to carry out its powers and duties, there is authorized to be appropriated to the Department of the Treasury to be disbursed to the corporation, out of any money in the Treasury not otherwise appropriated, not to exceed \$40 million for the period

July 1, 1971 through
June 30, 1972. Except for funds appropriated under
this section, no funds appropriated after the date of
enactment of this section for any fiscal year, under this
or any other provision of law, may be made available to or
for the use of the corporation.

(b) Appropriations made pursuant to the authority
provided in subsection (a) of this subsection shall remain
available until expended.